



Ministry  
of Revenue

George Ashe  
Minister

T. M. Russell  
Deputy Minister

## Retail Sales Tax Branch

# Information Bulletin

## Retail Sales Tax Act

Number 1 - 81

Date: June, 1981 Government  
Publications

Pour obtenir cette publication en français, veuillez communiquer avec votre bureau régional de la Taxe de vente au détail.

## REMINDER

### EXPIRY OF TEMPORARY SALES TAX EXEMPTIONS AND REBATES

The temporary retail sales tax program introduced last fall will expire on June 30, 1981, as scheduled.

This program provided retail sales tax exemptions to certain building materials, furniture and major appliances and a rebate of retail sales tax paid on purchases of light trucks and vans.

As announced in the Treasurer's 1981 Budget, the delivery period for household furniture will be extended to September 30, 1981. Delivery periods for all other categories under the program will remain unchanged.

This bulletin is to serve as a reminder of the expiry of the program, in order that vendors may make the necessary delivery arrangements to help customers receive the maximum benefits possible.

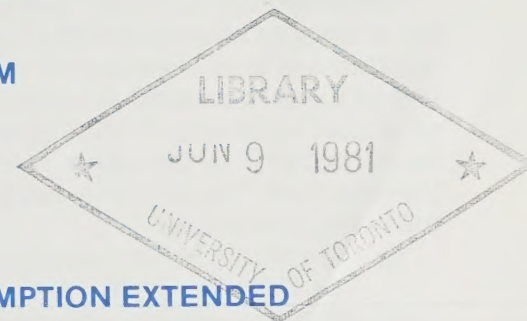
Information for the transition to the tax rate of 7% is presented below in summary form. Further information is available at Retail Sales Tax District Offices listed on the reverse side.

## TEMPORARY EXEMPTIONS

- HOUSEHOLD FURNITURE — RETURN TO 7% TAX RATE — DELIVERY PERIOD PROVIDED
- BUILDING MATERIALS AND MAJOR HOUSEHOLD APPLIANCES — RETURN TO 7% TAX RATE
- LIGHT TRUCKS AND VANS — EXPIRY OF TAX REBATE PROGRAM
- "HOSPITALITY" EXEMPTIONS — DECEMBER 31, 1981

## OTHER CONTENT

- ENERGY CONSERVATION MATERIALS AND EQUIPMENT — EXEMPTION EXTENDED
- SERVING A NOTICE OF OBJECTION



### HOUSEHOLD FURNITURE — RETURN TO 7% TAX RATE — DELIVERY PERIOD PROVIDED

The temporary exemption for certain household furniture, including upholstery where the charge is \$250 or more, will expire on June 30, 1981. In order to benefit from this exemption purchasers are required to enter into purchase arrangements for such furniture or upholstery on or before June 30, 1981 and take delivery on or before September 30, 1981.

Therefore the exemption will not apply to the above if:

- (i) the purchase arrangements are entered into on or after July 1, 1981;
- (ii) delivery is made after September 30, 1981 regardless of the date of the purchase arrangements;

- (iii) the charge for the upholstery of furniture is less than \$250; or
- (iv) the repair or renovation of furniture involves no upholstery.



### BUILDING MATERIALS AND MAJOR APPLIANCES — RETURN TO 7% TAX RATE

The temporary exemption for certain building materials and major appliances will expire on June 30, 1981. In order to benefit from this exemption purchasers are required to take delivery of these items on or before June 30, 1981.

Therefore, all building materials and appliances delivered to purchasers after June 30, 1981 will be taxable at the rate of 7% regardless of the date of purchase arrangements for such items.

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## LIGHT TRUCKS AND VANS — EXPIRY OF TAX REBATE PROGRAM

The temporary program for a rebate of tax paid on new light trucks and vans expires on the date and under the conditions that were announced at the commencement of the program. In order to benefit from the rebate provided under the program purchasers are required to complete a written contract of purchase of an eligible vehicle on or before June 30, 1981 and to take delivery of it on or before July 4, 1981. The date of registration of the vehicle is *not* a factor in the transition to the 7% rate of tax.

Therefore, no rebate of retail sales tax will be made to:

- (i) any truck or van for which a written contract of purchase is entered into on or after July 1, 1981; or
- (ii) any truck or van delivered after July 4, 1981, regardless of the date of the written contract to purchase for such truck or van.

### EXAMPLES:

#### CASE 1:

A customer enters into a written contract to purchase a truck or van on or after July 1, 1981 and the vehicle is picked up by the customer or delivered to him on July 3, 1981.

- tax applies at the rate of 7% because the contract to purchase was entered into after June 30, 1981.

#### CASE 2:

A customer enters into a written contract to purchase a truck or van on or before June 30, 1981.

- if the vehicle is an eligible light truck or van and is picked up by the customer or delivered to him on or before July 4, 1981, it qualifies for rebate.
- if the vehicle is picked up by the customer or delivered to him after July 4, 1981, it does not qualify for rebate.



## "HOSPITALITY" EXEMPTIONS EFFECTIVE TO DECEMBER 31, 1981

As announced by The Treasurer on November 13, 1980, the following temporary exemption programs will remain in effect until December 31, 1981:

- Transient Accommodation and American Plan Charges
- Restaurant Kitchen Equipment
- Furnishings for Lodging and Restaurant Establishments.

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Energy Ontario

### ENERGY CONSERVATION MATERIALS AND EQUIPMENT — EXEMPTION EXTENDED

Effective May 20, 1981, the existing exemption for energy conservation materials and equipment is extended to conversion kits that transform gasoline or diesel-powered vehicles propelled in whole or in part by energy from the combustion of fuels taxed under The Gasoline Tax Act or The Motor Vehicle Fuel Tax Act into vehicles that meet the following conditions:

- (i) the vehicle to be converted is licensed under The Highway Traffic Act;
- (ii) after conversion, the power to propel the vehicle is derived exclusively from electrical energy or exclusively from the combustion of:
  - propane                      • alcohol (methanol, ethanol)
  - natural gas                • manufactured gas (including hydrogen)

## OTHER CONTENT

A vendor should obtain a purchase exemption certificate from the customer unless other documentation is available to indicate that the conversion kit was installed into a vehicle that meets the requirements outlined above.

The exemption is for conversion kits and does not extend to repair parts.



## SERVING A NOTICE OF OBJECTION

Recently, the time period for serving a notice of objection to an assessment issued under The Retail Sales Tax Act was extended from 60 to 90 days. In addition, the Minister of Revenue may accept a notice of objection even though it is not served in duplicate or by registered mail.

FOR FURTHER INFORMATION CONSULT THE DISTRICT OFFICE IN YOUR AREA,  
AS LISTED BELOW:

BELLEVILLE K8N 1E3	208 Dundas Street East 962-9108 ZENITH 71820	ORILLIA L3V 6K5	19 Front Street North P.O. Box 670 325-9587 ZENITH 71830	TORONTO M4P 1H6	2300 Yonge St. 10th Floor 487-7161 ZENITH 71800
HAMILTON L8P 1B4	361 King Street West 528-8393 ZENITH 71440	OTTAWA K1H 8K7	1355 Bank Street 523-9760 ZENITH 71400	WELLAND L3B 3Z7	76 Division Street 732-1318 (in St. Catharines and Niagara Falls.) 688-1360 ZENITH 71410
KITCHENER N2M 1N2	449 Belmont Ave. West 576-8400 ZENITH 71020	SUDBURY P3E 5P9	Ontario Government Building 199 Larch St. 675-4351 ZENITH 71850	WINDSOR N9A 6V9	250 Windsor Ave. 252-4404 ZENITH 71450
LONDON N6C 4P4	310 Wellington Road. 433-3901 ZENITH 62350	THUNDER BAY P7C 5G6	Ontario Government Bldg. 435 James Street South P.O. Box 5000 475-1681		
NORTH BAY P1B 2H3	1500 Fisher Street Northgate Plaza 474-4900 ZENITH 71420 Toll Free 1-800-461-1564	Districts of Kenora Rainy River and Thunder Bay (In Dryden, Wabigoon and Oxdrift)	ZENITH 72310  ZENITH 62350		





Ontario

Ministry  
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Retail Sales  
Tax Branch

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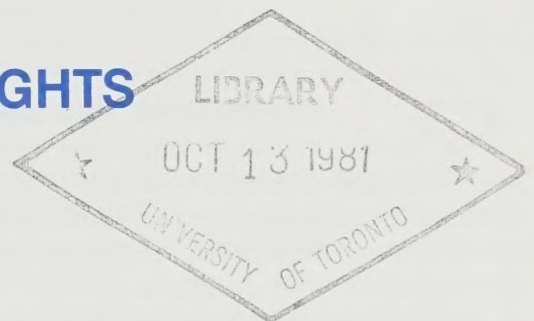
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This bulletin outlines some recent changes to the retail sales tax Regulations and provides clarification in other areas of the legislation.

To be sure of the tax application in a specific case, refer to the Retail Sales Tax Act and Regulations or contact your local District Office for further information.

Additional copies of this bulletin are also available from the Retail Sales Tax District Offices, which are listed on the back page.

## INFORMATION HIGHLIGHTS



- "IF YOU NEED ASSISTANCE..."
- REBATE FOR PHYSICALLY HANDICAPPED PERSONS
- DIPLOMATS - EXEMPTION EXTENDED
- CLASSROOM SUPPLIES - EXEMPTION EXTENDED TO PRIVATE SCHOOLS
- REPAIRERS - OF SPECIAL INTEREST TO UPHOLSTERERS, FURRIERS AND MOTOR REWINDERS
- SALES TO FEDERAL GOVERNMENT
- LIGHTING EQUIPMENT FOR PRODUCTION OF A FILM - EXEMPTION
- EQUIPMENT FOR DIABETICS - EXEMPTION
- HEAT PUMPS - EXEMPTION EXTENDED
- REMINDER - HOSPITALITY EXEMPTIONS ENDING DECEMBER 31, 1981

### "IF YOU NEED ASSISTANCE..."

Representatives of the Retail Sales Tax Branch are available for personal visits to provide assistance and answer any questions relating to retail sales tax. As part of the program to improve services to the public, there are toll free telephone lines to the Retail Sales Tax District Offices listed at the end of this bulletin.

The Branch also publishes tax guides and rulings to assist taxpayers and vendors. The guides provide sales tax information on a wide range of subject matter, such as children's clothing, food products and soft drinks, items for chronic invalids, etc. The rulings deal with specific businesses, such as automobile dealers, contractors, farmers, etc.

To obtain any of this information please get in touch with your local Retail Sales Tax District Office.

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## REBATE FOR PHYSICALLY HANDICAPPED PERSONS

Effective March 1, 1981, the motor vehicle retail sales tax rebate program for the permanently physically handicapped was revised and simplified.

Subject to certain conditions, the following may be eligible:

- permanently physically handicapped persons
- a member of the family of a permanently physically handicapped person
- religious, charitable, or non-profit organizations.

Further information is contained in *Ontario Sales Tax Guide 25*, available at your local Retail Sales Tax District Office.



## DIPLOMATS - EXEMPTION EXTENDED

Effective August 1980, the exemption from retail sales tax for diplomats and foreign consuls was extended to certain persons serving in or employed by a diplomatic or consular mission. To be eligible, the person must be assigned to duty from the state he or she represents and not engaged locally by the mission or commission. This exemption also includes spouses and families of eligible persons. Canadian citizens and permanent residents of Canada are not eligible.

Diplomatic staff are issued a "Diplomatic Exemption Card" which they should present to purchase goods and services exempt from sales tax. The vendor records the name, address and card number of the purchaser and obtains the purchaser's signature on the sale document to show that he was not required to collect tax on the sale.

Additional information is contained in Ruling 25 - *Diplomatic Exemption*, available at your local Retail Sales Tax District Office.



## CLASSROOM SUPPLIES - EXEMPTION EXTENDED TO PRIVATE SCHOOLS

The exemption from retail sales tax to schools, school boards and universities for their purchases of classroom supplies is now extended to include private schools which are registered with Revenue Canada as religious, charitable, or benevolent organizations, and provide regular instruction in elementary or secondary school curricula.

The classroom supplies must be purchased and used by the schools and the exemption is limited to the following items:

- appliances and equipment for instructional purposes in schools teaching home economics
- ball point pens
- brushes: paint, mucilage and blackboard chalk
- community antenna television and cable television services
- crayons
- desks and chairs for instructional areas
- drawing boards
- duplicating machines and supplies therefor
- erasers
- equipment and uniforms for organized school sports, and playground equipment
- ink
- loose-leaf paper
- materials and apparatus used in vocational guidance and administering psychological and aptitude tests
- maps and other apparatus used in teaching geography
- mathematical instruments and rulers
- mucilage and paste
- motion and still film projectors, tape recorders and record players when used as instructional equipment and including black-out drapes
- musical instruments
- office equipment and supplies to be used exclusively for instructional purposes in commercial and business education courses
- pencils and pencil boxes and cases
- pens and pen nibs
- plasticine and modelling clay
- schoolroom and library furniture
- scientific and experimental equipment and supplies including chemicals
- scratch pads
- tools and equipment for instructional purposes in technical schools
- all consumable supplies and materials used in connection with the teaching of manual training, home economics, arts and crafts, music and other technical or academic subjects
- all printed instructional aids
- all equipment and materials used in instructing kindergarten classes





## **REPAIRERS - OF SPECIAL INTEREST TO UPHOLSTERERS, FURRIERS AND MOTOR REWINDERS**

### **REPAIR OR RECONDITIONING CUSTOMERS' OWN GOODS - EXPLAINED**

Repair or reconditioning of customers' own goods occurs when worn or broken parts are replaced or adjustments are made to enable items to perform the function for which they were originally produced.

### **PARTS CONTENT IN REPAIRS - 20 PERCENT RULE**

Generally, retail sales tax is payable by the customer on parts used in repair work. The charges for some kinds of repair are mainly for labour and the charge for parts is generally a small amount of the total repair charge. In other repair work, however, the value of parts is a large portion of the total repair charge.

To simplify the tax application by repairers in the different types of repair, the following rules are provided:

#### **Parts Value - More Than 20 Percent**

- parts taxable to customer
- labour exempt if shown separately
- labour subject to tax when not shown separately
- repairer should purchase parts exempt from tax

#### **Parts Value - Less Than 20 Percent**

- repairer may pay tax on all parts - no tax charged to customer

or

- repairer may use the More Than 20 Percent rule, that is, they may purchase all parts exempt from tax and charge tax to the customer.

### **GENERAL INFORMATION**

- 1) Repairers and reconditioners include, among others:
  - upholsterers
  - furriers
  - rewinders of motors, generators and transformers.
- 2) The amount of \$250 which was used as a determining factor in the application of tax to the charges for upholstering and fur garment repairs is no longer applicable. Upholsterers and furriers should apply tax according to the 20 percent rule.
- 3) Rewinding a customer's motor, generator or transformer and returning it to the same customer is now considered to be a repair. The 20 percent rule is applicable to the repair charge.

Where a customer does not receive his own unit back but receives a new or reconditioned unit from stock, tax is payable by the customer on the full price less any allowance for the old unit.

- 4) A repairer may also purchase goods for sale or may recondition or fabricate items for sale. In all these cases, retail sales tax is payable by the customer on the full selling price, including any labour charges for fabrication or reconditioning.

- 5) The above rule and other general information do not apply to those who are in the business of repairing real property. For information on real property repair, refer to Ruling 3 - *Retail Sales Tax Information For Contractors and Subcontractors*.



## **SALES TO FEDERAL GOVERNMENT**

The federal government and the Province of Ontario have been paying each other's commodity taxes since October 1, 1977.

The federal government is the holder of an Ontario "G" permit. This permit enables the federal government to purchase most goods and taxable services free from tax. Like all "G" permit holders, the federal government self-assesses the amount of tax due and remits that amount directly to the Treasurer of Ontario.

In the following specific instances, the supplier should charge the applicable tax directly to the federal government:

- prepared meals over \$6.00 per person
- transient accommodation purchased after December 31, 1981.
- admissions to places of amusement in excess of \$3.50
- goods or services purchased without a supporting purchase order quoting their Ontario "G" permit number.

Information concerning federal government real property contracts and purchases is contained in Ruling 26 - *Federal Government Departments and Federal Crown Corporations*, available at your local Retail Sales Tax District Office.



## **LIGHTING EQUIPMENT FOR PRODUCTION OF A FILM - EXEMPTION**

The exemption to manufacturers for production machinery and equipment includes certain lighting equipment used in film making, photography, and video tape production.

The following qualify for exemption as production machinery and equipment, effective August 8, 1977:

- lamps, replacement lamps, and carbon rods
- lamp units
- devices known as barn doors and other accessories used to physically direct, deflect and diffuse light.

The exemption does not include:

- mounting equipment (including stands, boxes, and sand bags)
- ballasts, generators
- extension cable, plug-in bases, and similar electrical transmission equipment
- control systems
- dimmer racks
- parts to repair equipment.





## EQUIPMENT FOR DIABETICS - EXEMPTION

The exemption from retail sales tax on equipment for the use of chronic invalids is extended, effective January 1, 1981, to include certain self-diagnostic equipment for diabetics, and parts and accessories specifically designed for the exempt equipment. The exemption also applies to blood and urine glucose testing tapes or tablets.

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Energy Ontario

## HEAT PUMPS - EXEMPTION EXTENDED

Effective June 5, 1981, any heat pump for use principally to provide heat in the heating system of a building is exempt. The previous requirement that the heat be obtained only from an area outside the building is revoked.

## REMINDER

### FOR HOTEL, MOTEL, LODGING AND RESTAURANT ESTABLISHMENTS

#### TEMPORARY EXEMPTION PROGRAMS ENDING DECEMBER 31, 1981

The following temporary exemption programs will expire at midnight on December 31, 1981:

- Accommodation and American Plan charges
- Restaurant Kitchen Equipment
- Furnishings for Lodging and Restaurant Establishments

Effective January 1, 1982, the following will apply:

- 7% retail sales tax to a purchaser of
  - accommodation
  - restaurant kitchen equipment
  - furnishings for lodging and restaurant establishments
- the formula method of taxation to a purchaser of accommodation and meals for one consideration under the American Plan.

Further details will be provided prior to January 1, 1982 for lodging and restaurant establishments.

## MAIL STRIKE

We would like to express our thanks for the excellent co-operation extended to us by vendors in making their returns under the difficult conditions experienced during the mail strike.

FOR FURTHER INFORMATION CONSULT THE DISTRICT OFFICE IN YOUR AREA, AS LISTED BELOW:

BELLEVILLE  
K8N 1E3

208 Dundas Street East  
962-9108

ZENITH 71820

HAMILTON  
L8P 1B4

361 King Street West  
528-8393

ZENITH 71440

KITCHENER  
N2M 1N2

449 Belmont Ave. West  
576-8400

ZENITH 71020

LONDON  
N6C 4P4

310 Wellington Road  
433-3901

ZENITH 62350

NORTH BAY  
P1B 2H3

1500 Fisher Street  
Northgate Plaza  
474-4900

ZENITH 71420

Toll Free 1-800-461-1564

ORILLIA  
L3V 6K5

OTTAWA  
K1H 8K7

SUDBURY  
P3E 5P9

THUNDER BAY  
P7C 5G6

Districts of Kenora,  
Rainy River and  
Thunder Bay  
(In Dryden, Wabigoon  
and Oxdrift)

19 Front Street North  
P.O. Box 670

325-9587

ZENITH 71830

1355 Bank Street

523-9760

ZENITH 71400

Ontario Government Building  
199 Larch St.

675-4351

ZENITH 71850

Ontario Government Bldg.

435 James Street South

P.O. Box 5000

475-1681

ZENITH 72310

ZENITH 62350

TORONTO  
M4P 1H6

WELLAND  
L3B 3Z7

WINDSOR  
N9A 6V9

2300 Yonge St.  
10th Floor

487-7161

ZENITH 71800

76 Division Street

732-1318

(In St. Catharines and  
Niagara Falls)

688-1360

ZENITH 71410

250 Windsor Ave.

252-4404

ZENITH 71450